

WASHINGTON, D.C. – Today, Rep. Stark reintroduced legislation, the Medicare Market Acquisition Drug Price Act, to stop drug manufacturers from unfairly inflating the price Medicare and its beneficiaries pay for the limited number of prescription drugs currently covered under the program.

“There’s been a lot of talk recently from Republicans about reforming Medicare,” Stark said. “This bill is a step we could take today to provide savings to the Medicare program and Medicare beneficiaries. Rather than just talk about reform, we should pass this bill on a bipartisan basis. It would be a step in the right direction.”

Stark’s legislation, the Medicare Market Acquisition Drug Price Act, would abolish the fraudulent pricing scheme under which drug manufacturers have taken advantage of Medicare and its beneficiaries. Under the current system, Medicare pays for medicines based on the artificially high average wholesale price reported by the drug manufacturer, without outside verification. Consequently, drug companies have grossly manipulated this pricing system to bilk Medicare out of billions of dollars in unreasonably high drug costs. Beneficiaries are also being overcharged as they are required to pay 20% of these inflated prices.

“It’s well known that the pharmaceutical industry has been ripping off Medicare and sticking beneficiaries with the bill,” Stark said. “There is bipartisan support to close down this corrupt drug pricing scheme. The Administration is taking the limited steps they can under existing authority to fix this problem. Unfortunately, the Republican Leadership -- who is beholden to the drug industry -- continues to refuse to move legislation to reform this part of Medicare.”

Rep. Stark’s legislation would end wasteful Medicare spending by basing the purchase price for covered drugs on their average acquisition price. Under this system, the cost to Medicare for a specific drug would be calculated on the actual average price paid by all domestic purchasers. The result is that drug costs would be determined by the market, not continue to be arbitrarily set by drug manufacturers.

“This legislation gives Congress an opportunity to strengthen Medicare in a way that directly helps Medicare beneficiaries,” Stark said. “It is a straightforward solution that makes sure that Medicare drug payments are fair and reasonable.”